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***Presentation to Board of Directors  
California High Speed Rail Authority***



# The PwC Team...

Rank	Advisor	No. of Deals	Volume (US\$ m)
1.	PRICEWATERHOUSECOOPERS	37	18,076
2.	Ernst & Young*	26	3,770
3.	KPMG*	20	4,716
4.	Grant Thornton*	18	2,137
5.	Macquarie	11	8,284
6.	BNP Paribas	10	12,556
7.	HSBC	5	6,134
8.	SG	4	14,881
9.	RBC	4	2,711
10.	RBS	3	4,978

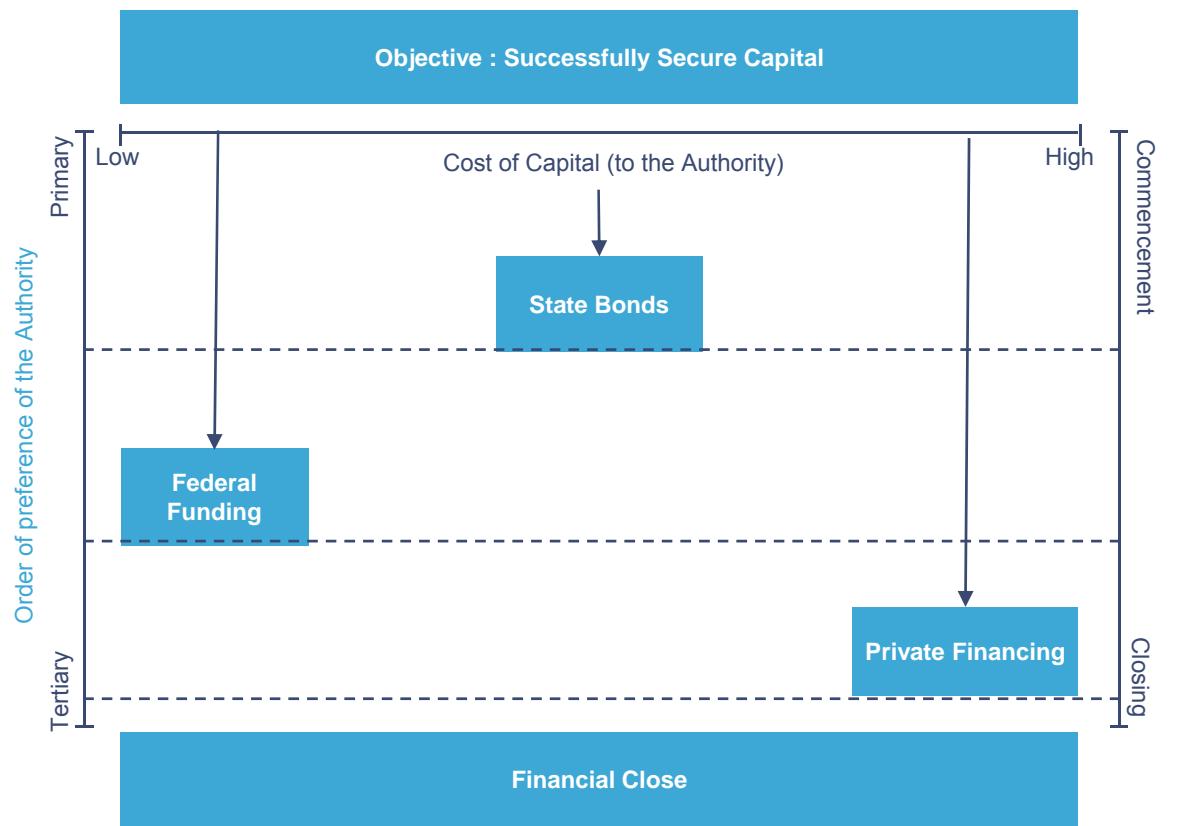
Source: Project Finance International, January 2010

\* After removing deals falling below US\$20m minimum threshold stated in league table criteria

- Mega-projects find success when stakeholders have transparency to the risks and mitigants of the Project. Our team's approach to finding solutions will instill confidence in your stakeholders and in the Project.
- High Speed Rail transactions are unique – our team will leverage our global experience and expertise for the Authority, bringing insight and strategic vision as you move forward.
- Our knowledge and prior experience in the California financial and regulatory market will guide the team as we develop a credible financial plan that moves the Authority towards securing capital for the Project.



# ***Understands the Challenges Facing the Project...***



- Proposition 1A successfully raised \$9.0 billion of capital to fund high speed rail, indicating fundamental support from California citizens.
- However, Proposition 1A will only be considered a long-term success when California sees Federal and private capital committed for this Project.
- We will leverage the depth of our Federal expertise to work closely with the Authority, guiding you through the process of this second stage of capital identification.
- As Federal funding is secured, coupled with Proposition 1A bonds and other local capital sources, we will further leverage our global network to identify optimal solutions for the Authority.

## ***And Recognizes the Magnitude of the Task.***

- As we look ahead to the challenges that will face the traditional project finance market over the coming 3-5 years, the PwC team will work with the Authority to maximize local and Federal capital, lowering the cost of capital for the Project.
- Our expertise in developing innovative funding and financing solutions will serve the Authority well.

USD Millions		CAHSRA's Expected Funding (Base Case)		CAHSRA's Expected Funding (High Case)		The "What If" Scenario (Low Case)		At Risk Capital (High-Low Case)		At Risk Capital (Low Case)
Federal Funding										
ARRA Allocated	\$	2,500	\$	2,500	\$	2,500	\$	-	\$	-
Other (TBD)		14,500		16,500		-		2,000		16,500
Total Federal		17,000		19,000		2,500		2,000		16,500
State Funding										
Proposition 1A	\$	9,000	\$	9,000	\$	9,000	\$	-	\$	-
Private Activity Bonds		-		-		-		-		-
Other ( TBD)		-		-		-		-		-
Total State		9,000		9,000		9,000		-		-
Local Funding										
Transit - Oriented Development	\$	2,000	\$	2,000	\$	2,000	\$	-	\$	-
Other (TBD)		2,000		3,000		-		1,000		3,000
Total Local		4,000		5,000		2,000		1,000		3,000
Private Financing**										
Amount Needed to Cover Balance	\$	13,000	\$	10,000	\$	29,500				
Equity Capital = 40%		5,200		4,000		8,850				
Debt Capital = 60%		7,800		6,000		20,650				
Unidentified Capital Sources Needed*					\$	19,500				

\*Calculated as the difference between "Amount Needed to Cover Balance" in "Low Case" and "High Case"

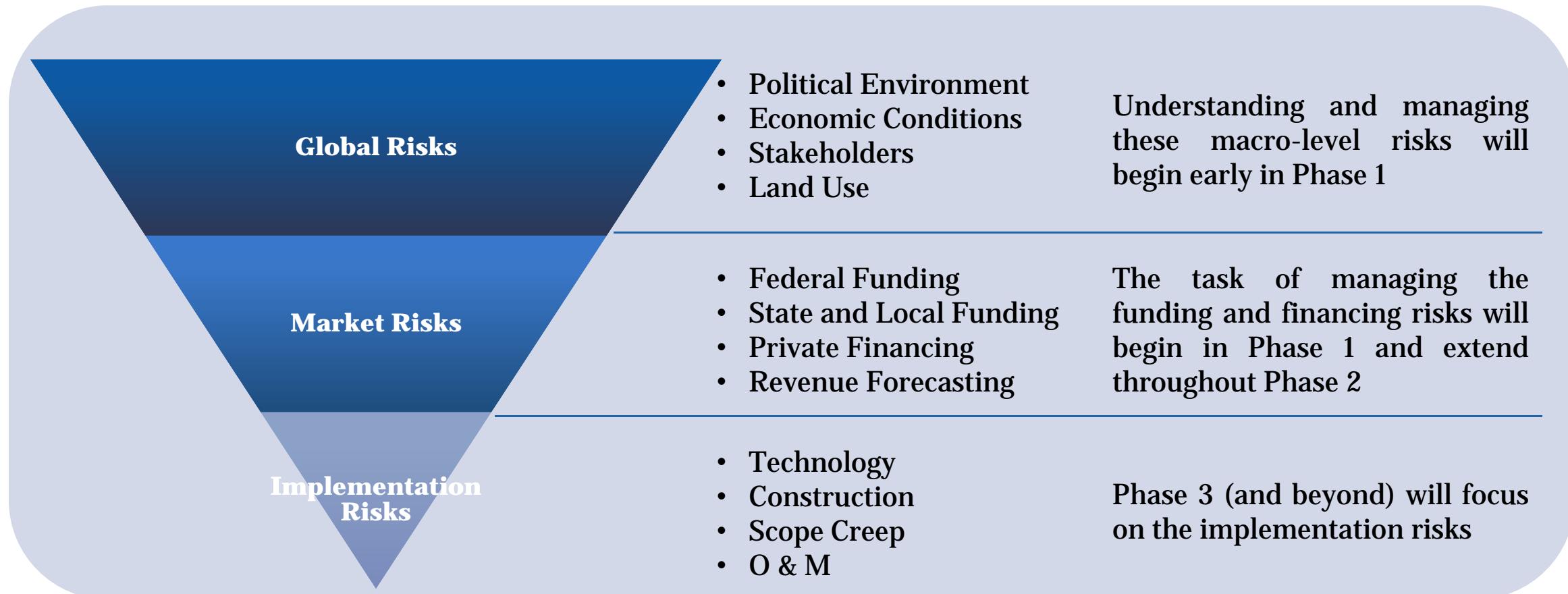
\*\*Estimated at 40% equity / 60% debt for discussion and illustrative purposes only

# ***By Working Together to Develop Innovative Solutions,***

<b>Self Liquidating</b>	<b>Public Funding</b>	<b>Private Financing</b>
<b>Traditional Sources of Funding</b>		
<ul style="list-style-type: none"> <li>• Farebox</li> <li>• “Pay as you go”</li> <li>• Membership Fees</li> <li>• Food &amp; Beverage Concessions</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Exempt /Municipal Bonds</li> <li>• Federal Grants</li> <li>• State Taxes</li> <li>• Local Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Loans</li> <li>• 144A &amp; Reg D Bond Offering</li> </ul>
<b>Innovative Sources of Funding (Can Be Used with Traditional Funding)</b>		
<ul style="list-style-type: none"> <li>• Advertising</li> <li>• Naming Rights</li> <li>• Parking</li> <li>• Concessions (Rights)</li> <li>• Air Rights</li> <li>• Capacity Charge</li> <li>• Congestion Pricing</li> <li>• Revenue (Yield) Management Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• State Infrastructure Banks (SIB)</li> <li>• TIFIA</li> <li>• Tax Credit Bonds</li> <li>• Revenue Bonds</li> <li>• Special Improvement Districts</li> <li>• Benefit Assessment Districts</li> <li>• TOD/Joint Development</li> <li>• Tax Increment Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Private Equity</li> <li>• Joint Ventures</li> <li>• Availability Payments</li> <li>• Asset Monetization</li> <li>• Private Activity Bonds (PAB)</li> </ul>

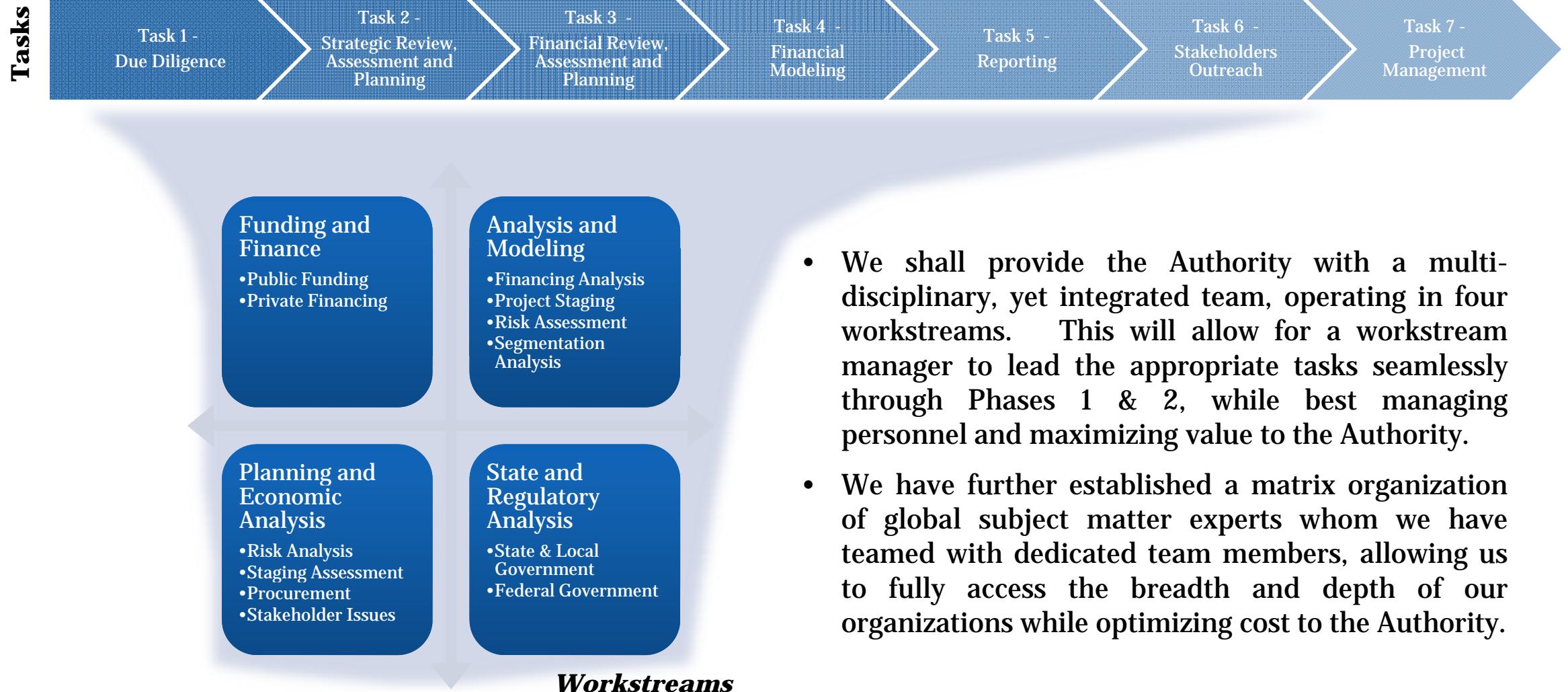
- Innovative financing solutions marry self-liquidating structures with public funding to generate stakeholder interest and prepare a solution to attract optimal private capital.
- By addressing innovative municipal financing sources, we can simultaneously address issues including right-of-way, land acquisition, and transit-oriented developments.

# ***We Will Help the Authority to Manage its Risks.***

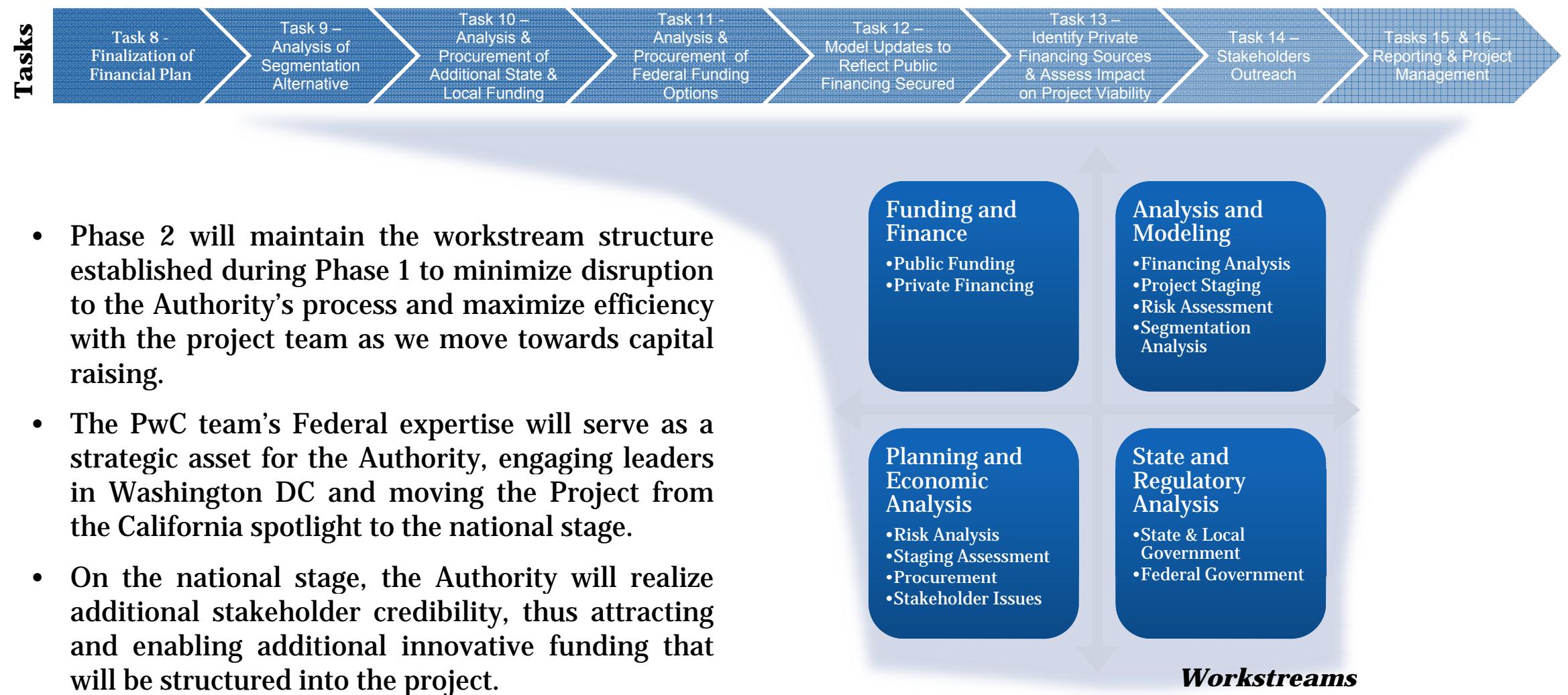


***Managing Risks = Controlling Costs + Protecting Credibility + Cultivating Stakeholders***

# ***Our Approach – Phase 1***



## ***Our Approach – Phase 2***



# ***A Highly Qualified Team to Manage This Historic Project***



Project Leader			
Sotiris Pagdatis, Ph.D.			
Project Manager			
Charlie Johnson-Ferguson			
Funding & Finance	Analysis & Modelling	Planning & Econ. Analysis	Statutory & Reg. Analysis
Stephanie Hogue	Philippe Raymond	Robert Vroman	James Martling
Public Funding Private Financing	Financing Analysis Project Staging Risk Assessment Segmentation Anal.	Risk Analysis Staging Assessment Procurement Stakeholder Issues	State & Local Gov't Federal Government
Extended Project Team			
Skills	Name		
Modelling	Mara Kelly		
Private Equity	Mara Kelly	●	
Public Funding	Kylee Anastasi	●	●
Procurement	Kylee Anastasi	●	●
Modelling/ Analysis	Kylee Anastasi	●	●
Financial Structuring	James Gibbs	●	●
Financial Analysis	Chris Vinck	●	●
Subject Matter Expert			
Expertise	Name		
Rail Finance	Charlie Ferguson	●	
Financial Risk	Charlie Ferguson	●	●
Rail Operations	Julian Smith		
Rolling Stock	Julian Smith		●
Risk Assessment	Sotiris Pagdatis	●	●
Infrastructure	Sotiris Pagdatis	●	●
Federal Funding	Peter Raymond	●	
Federal Regulation	Peter Raymond	●	
Rail Regulation	Joel Moser		
Alt. Procurement	Esther Tse	●	



# ***Building relationships, creating value***

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